



Insurance Companies

International Insurance Companies can be licensed in Barbados under the Exempt Insurance Act, Cap. 308A or under the Insurance Act, Cap. 310, the latter of which governs local insurance companies. If you choose to register under the Insurance Act, your company will be a Qualifying Insurance Company (QIC) and will face some tax liability in Barbados.

Exempt Insurance Company ("EIC")

These companies are defined as businesses whose risks and premiums originate outside of Barbados, and are owned by persons outside of the CARICOM Single Market and Economy. Anyone seeking to incorporate or register as an external company to engage in exempt insurance must first obtain permission from the Minister of Finance, and then obtain a license from the Supervisor of Insurance.

Key benefits of an EIC

- Exemption from tax on income and all withholding taxes.
- Exemption from all corporate taxes on capital gains or any tax on the transfer of assets or securities to any person.
- Income tax concessions for specially qualified expatriate employees.
- Guarantee of benefits and exemptions for a period of up to 30 years upon application to the Minister.
- Freedom from exchange control regulations.
- Exemption from local transfer tax, except that, in some instances, the prior written approval of the Minister is necessary.
- Reasonable solvency requirements.
- Modern and flexible corporate legal framework.
- Provisions for inward and outward re-domiciliation.
- External companies may register as a branch.
- Access to the country's tax treaty network.

Qualifying Insurance Company ("QIC")

A QIC is defined as a business where at least 90% of the company's or branch's premiums do, or will, originate outside of CARICOM, as well as at least 90% of its risks insured. An application to register must be submitted to the Supervisor of Insurance similar to the EIC and as long as the above is met a certificate of qualification will be issued.

Key benefits of a QIC

- A tax credit – based on the level of premiums originating outside of CARICOM – that can reduce tax payable on general insurance business to 1.75% of taxable income and on life insurance business to 0.35% of gross investment income.
- Exemption from withholding taxes.
- Exemption from local transfer tax and stamp duty on the sale or transfer of any assets or securities.
- No requirements to publish financial information if no premiums or risks originate within CARICOM.
- Exemption from exchange control regulations.
- Reasonable solvency requirements.
- Access to the country's tax treaty network.
- Personal tax concessions for specially qualified expatriate employees.
- Provisions for inward and outward re-domiciliation.
- Modern and flexible corporate legal framework.

Note: while tax credits will be available if international insurance is carried on, the other tax benefits will not apply where the 90% threshold test is not met.



Key legal requirements

Incorporation of both QICs and EICs is achieved by filing Articles of Incorporation and paying a fixed fee of US\$390. A company may undertake any business, unless it's Articles circumscribe its activities, or specify certain activities, such as banking and insurance, which are restricted by law.

Capital

A company need only have one shareholder. There is no stamp duty on capital. Shares have no nominal or par value, and may not be issued until fully paid. A company may purchase and cancel its own shares provided it is solvent. Companies may amalgamate and mutual companies are allowed. The approval of the Ministry of Finance is required where more than 10% of the company's shares are to be transferred to another company other than a licensee, holding company, or management company licensed under the Exempt Insurance Act.

Management

A company need only have one director. Director's duties and liabilities are expressly stated in the Companies Act, Cap. 308. A unanimous shareholders' agreement may restrict the power of directors. Minutes of all meetings and resolutions of directors must be maintained at the registered office in Barbados. Alternate directors are permitted.

Meetings and votes

Directors may conduct their business by unanimous written resolution, or meet by telephone. An annual meeting of shareholders is required, at which shareholders may be represented by proxies. Fundamental changes to the company's Articles require two-thirds majority approval of the shareholders.

Tax returns

Both EICs and QICs must file tax returns. Those with fiscal year-ends from January 1 to September 30 must file by the following March 15, all others by the following June 15. Corporation taxes must be prepaid at prescribed dates.

Accounting and auditing

Adequate accounting books and records must be maintained in Barbados, and a qualified local auditor must be appointed. Accounting and auditing standards are prescribed by the Institute of Chartered Accountants of Barbados. Audited financial statements must be filed with the Supervisor of Insurance within six months of year-end.

Solvency requirements

The solvency requirements for both are the same. For general insurance business, the value of assets must exceed liabilities by US\$125,000 during the first year, and also in subsequent years if annual premium income does not exceed US\$750,000. Otherwise, after the first year, the solvency margin is 20% of annual premium income on the first US\$5 million, and 10% thereafter. All calculations are based on the net earned premium income of the preceding financial year. For long-term insurance business, the value of assets must exceed liabilities.

Estimated start-up costs for EICs and QICs	US\$
Government fees	
Incorporation	390
Application for license/certificate of qualification	250
License/certificate of qualification (calendar year)	10,000
Total	10,460
Professional fees (minimum)	
*Incorporation (inclusive of legal fees)	10,000
Application for license/certificate of qualification	1,500
Corporate retainer (first year)	1,800
Disbursements (estimate)	410
Auditors' certification on initial capital	3,500
Total	17,210
Estimated recurring costs	
Government license fee (calendar year)	10,000
Corporation retainer	1,800
Local director (minimum fee)	2,500 – 3,000
Audit fees	12,000 – 50,000
Tax compliance fee	1,500 – 4,500

Note: unless the EIC will have in-house management, it will have to appoint an Exempt Insurance Management Company. Management company fees will vary significantly based on the type of business and the level of activity involved, ranging from US\$25,000 to US\$60,000 per annum.

*Fees for establishing a new Barbados Qualifying Insurance Company range from; US\$10,000 to US\$15,000 for low complexity, US\$15,000 to US\$20,000 for medium complexity and US\$20,000 + for high complexity.